UNITED STATES ENVIRONMENTAL PROTECTION AGENCY
Region 6
1445 Ross Avenue, Suite 1200
Dallas, TX 75202-2733

September 8, 2015

Kimberly D. Bose, Secretary
Federal Energy Regulatory Commission
888 First Street NE, Room 1A
Washington, DC 20426

Re: OEP/DG2E/Gas 2; Gas Branch 4 Magnolia LNG, LLC and Kinder Morgan Louisiana Pipeline LLC; Docket Nos. CP14-347-000 & CP14-511-000

In accordance with our responsibilities under Section 309 of the Clean Air Act (CAA), the National Environmental Policy Act (NEPA), and the Council on Environmental Quality (CEQ) regulations for implementing NEPA, the U.S. Environmental Protection Agency (EPA) Region 6 office in Dallas, Texas, has completed its review of the Federal Energy Regulatory Commission (FERC) Draft Environmental Impact Statement (Draft EIS) for the Magnolia Liquefied Natural Gas and Lake Charles Expansion Project (Magnolia LNG or Project). The purpose of the Magnolia project is to construct and operate an LNG terminal that includes liquefaction, LNG distribution, and appurtenant facilities. The Lake Charles Expansion Project would reconfigure Kinder Morgan's existing pipeline network to accommodate Magnolia's request for natural gas services at the LNG terminal site.

EPA's review identified a number of potential adverse impacts to wetlands and aquatic resources. In addition, the draft does not contain enough information to fully consider wetlands, indirect effects and greenhouse gas emissions. For these reasons we have rated the Draft EIS as "Environmental Concerns – Insufficient Information" (EC-2). The EPA's Rating System Criteria can be found at http:/www.epa.gov/compliance/nepa/comments/ratings.html. EPA recommends that these issues be addressed in the Final EIS. We have enclosed detailed comments which clarify our concerns.

EPA appreciates the opportunity to review the Draft EIS. Please send our office one copy of the Final EIS when it is electronically filed with the Office of Federal Activities. If you have any questions or concerns, I can be reached at 214-665-7451, or contact Keith Hayden of my staff at hayden.keith@epa.gov or 214-665-2133.

Sincerely,

Michael Jansky
Chief, Office of Planning
and Coordination

Enclosures

DETAILED COMMENTS ON THE
FEDERAL ENERGY REGULATORY COMMISSION
DRAFT ENVIRONMENTAL IMPACT STATEMENT
FOR THE MAGNOLIA LNG AND LAKE CHARLES EXPANSION PROJECT

BACKGROUND: The Magnolia LNG project consists of the construction and operation of various liquefaction facilities, LNG storage tanks, LNG distribution facilities, LNG vessel berthing area, meter station, and appurtenant facilities within the boundaries of the site leased by Magnolia near Lake Charles, Louisiana. The Lake Charles Expansion Project consists of the reconfiguration of Kinder Morgan's existing pipeline system in order to accommodate Magnolia's request for natural gas service at the LNG terminal site, including a new compressor station (Compressor Station 760), new low and high pressure natural gas header pipelines that would be adjacent to the existing KMLP easement, and modifications at six existing meter stations.

WETLANDS

Section 4.4.1 – Existing Wetland Resources (Page 4-38):

The Draft EIS indicates that access has not been granted to conduct the necessary wetland delineations along the dredge material and effluent pipeline route, or within the dredge material placement area. National Wetlands Inventory data and aerial photography were used to identify wetlands within these areas. EPA would need to review the details of the complete wetland delineations and jurisdictional determinations before we could evaluate and determine the least environmentally damaging practicable alternatives, relative to the EPA's Clean Water Act Section 404(b)(1) Guidelines.

Recommendation:

- The Final EIS should include complete wetland delineations and jurisdictional determinations for the entire project footprint. We recommend including a map that clearly shows the locations of any wetlands in relation to the footprint of the proposed project, as well as any reasons (prior converted cropland, isolated wetland, etc.) that wetlands are not jurisdictional under section 404 of the Clean Water Act.
- To facilitate the ease of reviewing the Final EIS, MVN tracking numbers should be included when referring to any Corps of Engineers (COE) actions, including 404/10 permit applications, jurisdictional determination requests, and compensatory mitigation plans.

Section 4.4.4 – Compensatory Mitigation (Page 4-43):

The document indicates that permanent impacts on wetlands that are jurisdictional under section 404 of the CWA would be mitigated through the purchase of credits from an established and approved mitigation bank. The EPA would need to review the details of the proposed

mitigation plan before we could concur with a finding that unavoidable adverse wetlands impacts would be effectively offset and the risk of significant degradation of aquatic resources has been addressed, consistent with the Clean Water Act Section 404(b)1) Guidelines. The detailed mitigation plan should be included in the Final EIS along with the applicant's alternatives analysis, and any additional information relevant to potential impacts to wetlands and other aquatic resources.

Recommendation:

- The EIS should include more details of the wetland compensatory mitigation plan for review and comment by the EPA, the COE, and other interested agencies and stakeholders. Additional details should include a list of any potential mitigation banks that could be used as compensation for losses and impacts associated with the project. This would ensure that the EIS has sufficient information to demonstrate whether potential adverse wetland impacts have been adequately addressed.
- The EPA recommends in-kind and in-basin compensation for impacts associated with this project.

INDIRECT EFFECTS

We recommend the Final EIS consider the potential for increased natural gas production as a result of the proposed terminal and the potential for environmental impacts associated with these potential increases. Both FERC and the Department of Energy (DOE) have recognized that an increase in natural gas exports will result in increased production.[1] However, FERC has concluded in the DEIS that the nature of natural gas supply and the pipeline system in the U.S. makes it difficult to predict accurately where the additional gas development activity will occur, and thus determined that it is not feasible to more specifically evaluate localized environmental impacts. DOE has released a draft study by the National Energy Technology Laboratory (NETL), entitled "Addendum to Environmental Review Documents Concerning Exports of Natural Gas from the United States."[2] We note that NETL recognizes that many of the potential impacts will vary considerably by the production location due to differences in hydrology, geology, ecology, air quality, regulatory structure and other factors. Nonetheless, the Addendum provides the kind of conceptual level analysis of the types of impacts that are likely to occur from increased production. We recommend that this study be considered as part of the decision making for this project and incorporated by reference in the Final EIS.

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[1] Effect of Increased Natural Gas Exports on Domestic Energy Markets, as requested by the Office of Fossil Energy. US Energy Information Administration. January 2012 (http://energy.gov/sites/prod/files/2013/04/f0/fe_eia_lng.pdf) and Cameron LNG EIS, Appendix L (Response to Comments), p. L-36 (http://elibrary.ferc.gov/idmws/common/OpenNat.asp?fileID=13530753)

[2] Draft Addendum to Environmental Review Documents Concerning Exports of Natural Gas from the United States. DOE. (http://energy.gov/sites/prod/files/2014/05/f16/Addendum_0.pdf)

CLIMATE

Greenhouse Gas Emissions:

There are GHG emissions associated with the production, transport, and combustion of the natural gas proposed to be exported by the project. The Draft EIS contains helpful discussion of the GHG emissions associated with construction of the project, and annual emissions from the operation of the liquefaction facility. Because of the global nature of climate change, even where the ultimate end use of the natural gas occurs outside the US, additional greenhouse gas emissions attributable to the project would affect the U.S. Consistent with NEPA and CEQ regulations,[3] because any such emissions contribute to climate change impacts in the US, it is appropriate to consider and disclose them in the Final EIS due to their reasonably close causal relationship to the project. FERC's DEIS for the Jordan Cove Energy and Pacific Connector Gas Pipeline project included useful calculations of GHG emissions from end use of the gas exported by the facility, and we recommend that the Final EIS include the same calculations.

DOE has issued two documents that are helpful in assessing the GHG emissions implications of the project. They are the Addendum mentioned above, and NETL's report, entitled "Life Cycle Greenhouse Gas Perspective on Exporting Liquefied Natural Gas from the United States."[3] These reports provide a helpful overview of GHG emissions from all stages of a project, from production through transmission and combustion.

The NETL report also includes comparative analysis of GHG emissions associated with other domestic fuel sources and LNG exports as they relate to other possible fuel sources in receiving regions. This information is helpful to decision makers in reviewing the foreseeable GHG emissions associated with the increased production of natural gas and the export of LNG and how they compare to other possible fuels. EPA recommends that both DOE reports be considered as part of the decision making process for this project and incorporated by reference in the Final EIS. FERC may also want to consider adapting DOE's analysis to more specifically consider the GHG implications of this project.

In addition, we recommend that the Final EIS describe measures to reduce GHG emissions associated with the project, including reasonable alternatives or other practicable mitigation opportunities and disclose the estimated GHG reductions associated with such measures. For example, using energy efficient equipment and incorporating methane leakage best practices. EPA further recommends that the applicant commit to implementation of reasonable mitigation measures that would reduce or eliminate project-related GHG emissions.

Effects of Climate Change on Project Impacts

We recommend that the Final EIS describe potential changes to the Affected Environment that may result from climate change. Including future climate scenarios in the EIS

[3] Life Cycle Greenhouse Gas Perspective on Exporting Liquefied Natural Gas from the United States. DOE/NETL-2014/1649 (http://energy.gov/fe/life-cycle-greenhouse-gas-perspective-exporting-liquefied-natural-gas-united-states)

would help decision makers and the public consider whether the environmental impacts of the alternatives would be exacerbated by climate change. If impacts may be exacerbated by climate change, additional mitigation measures may be warranted.

Climate Change Adaptation

We recommend considering climate adaptation measures based on how future climate scenarios may impact the project in the Final EIS. The National Climate Assessment (NCA), released by the U.S. Global Change Resource Program[4], contains scenarios for regions and sectors, including energy and transportation. Using NCA or other peer reviewed climate scenarios to inform alternatives analysis and possible changes to the proposal can improve resilience and preparedness for climate change.

CONSULTATION AND COORDINATION

Ongoing consultation and permitting

Table 1.5.1 indicates coordination with several state and national agencies concerning permits, approvals, and consultations on environmental laws and executive orders is ongoing. There are also a number of recommendations and plans referenced in the Draft EIS that FERC asks Magnolia and Kinder Morgan to provide prior to project construction.

Recommendation:

- EPA agrees with the recommendations made by FERC and asks that Magnolia and Kinder Morgan include all FERC recommendations in their updated plans. EPA recommends that FERC include all correspondence with resource agencies mentioned in the Draft EIS in a dedicated section or appendix of the Final EIS, and include an updated status of all permits required for the Project in the Final EIS. In addition to the list of permits and consultations included in Table 1.5.1, EPA asks that FERC coordinate with the National Resource Conservation Service (NRCS) for impacts to prime farmlands, and the EPA for potential impacts to the Chicot sole source aquifers (SSA).

CLARIFICATIONS

Plant identifications (Pages 4-39, 4-46):

In characterizing the wetland and upland vegetative communities, several plants are listed by common and scientific name.

Recommendation:

- Review the spellings for the scientific names of plants on these pages, and correct as necessary.

[4] http://nca2014.globalchange.gov/

- Verify the identity of *Mimosa malacophylla* and *Geranium maculatum*. Please correct them in the Final EIS if they are incorrectly identified. Should they be correctly identified, the EPA recommends contacting the Louisiana Department of Wildlife and Fisheries, as they may represent significant disjunct populations that may be of interest to their program.

Section 1.4.3 Electric Transmission Line (page 1-17)

Figure 1.4.3-1 shows a 120-foot right-of-way (ROW) for the proposed electric transmission line from Entergy's existing system to the LNG terminal. The text in this section states there will be a 170-foot ROW.

Recommendation:

- Please clarify whether the ROW will be 120-feet or 170-feet wide. If impact estimates were based on a 120-foot ROW, and this is incorrect; please update the descriptions of impacted resources to factor in the larger ROW.